

Congress Must Act to Reauthorize the Perkins Federal Loan Program

Last week, Congressional Republicans allowed funding to lapse on vital student loans for low income and first generation students. The Federal Perkins Loan program assists Americans with exceptional financial need, and there is bipartisan support for the program.

What is the Perkins Loan Program? Who can receive Perkins Loans?

The Perkins Federal Loan program is the United States' oldest low-interest federal student loan program allowing low income students to offset the price of higher education. The low-interest subsidized loan accrues no interest while a student is in school, has a favorable 5% interest rate and an automatic ten year repayment plan. The loan is also paid back directly to the university, cutting out third party lenders and also increasing repayment rates. Most undergraduate students eligible for Perkins Loans have additional financial need after filing for Direct Loans. Most students who use Perkins Loans are from low income families and the first in their families to go to college.

Perkins Loans by the Numbers

- If eliminated, around **500,000 students** with exceptional need will be impacted. They are predominantly from lower income families and often the first in their family to attend college.
- Since the beginning of the program, \$7.9 billion in federal contributions have been leveraged with contributions from colleges and universities to generate **more than \$36 billion in funding for low-cost student loans**.
- These loans have an unmovable 5% interest rate that does not accrue until repayment begins.
- In the 2014-2015 academic year, about **350,000 low income students** used the loans with an **average value around \$2,000**.
- Perkins Loans have been a long-time priority of both parties – the current reauthorization legislation has **233 co-sponsors**.
- **47% of dependent recipients** of Perkins Loans had family incomes of less than \$42,000 and **72% of independent recipients** had an income of less than \$20,000.

What happens if Perkins Loans are not reauthorized? Who is at risk?

The Perkins Loan Program expired on September 29, 2017. Fall disbursements were made to students currently enrolled in the program. Beginning in December, approximately 500,000 students across the country will be cut off from much needed assistance. Students whose families have an income of less than \$20,000 would be left with loan options they cannot afford.

Who supports Perkins Loan Programs?

America's educators and universities agree that Perkins Loans allow more students to have access to higher education:

American Council on Education: “The Perkins Loan Program, established in 1958, provides low-interest loans for students with financial need and is funded through a partnership with the federal government and participating higher education institutions. Nearly half a million students received a Perkins loan in the past fiscal year.” [Statement, [9/27/17](#)]

Cyndy Littlefield, Vice President for Federal Relations of the American Jesuit Colleges and Universities:

“Currently, nearly 500,000 students across the country utilize the Perkins loan program. Sixty-seven percent of Perkins loan recipients are dependent students from families whose incomes are \$30,000 or below, and twenty percent of recipients are independent students with incomes of \$20,000 or below. The Perkins loan program has been in existence for five decades, and has provided financial support for hundreds of thousands of American students to obtain their college degrees.” [Statement, [9/15/17](#)]

Republicans in the House and Senate support an extension to the program for low income students:

Rep. Elise Stefanik (R-NY): “The Perkins Loan program is a critical tool to support low and middle income students.” [Statement, [9/26/17](#)]

Senator Susan Collins (R-ME): “The Perkins Loan Program serves as a critical resource for students to fill gaps beyond what is available through the Department of Education’s Direct Loan Program and a family’s ability to pay.” [Statement, [9/15/17](#)]

Senator Rob Portman (R-OH): “For years, the assistance of the Perkins Loan Program has helped low-income students attend college—oftentimes as the first generation of their family to do so.” [Statement, [9/15/17](#)]

Democrats stand ready to reauthorize this bipartisan priority to avoid disruption for low income students and allow families the confidence to send their children to a two or four year institution with certainty and stability that they can afford their education.